

# TREADING THE SUSTAINABLE DEVELOPMENT CONCEPT: NARRATIVE EXPRESSION OF A STATE-OWNED ENTERPRISE

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## ABSTRACT

*One idea that focuses on the three pillars of sustainability, the economic, social, and environmental pillars, is sustainable development. The main challenge is balancing economic, social, and environmental elements. BUMN, as a business unit owned by the Government of Indonesia, has a unique role as an agent of development based on the concept of sustainable development. For a corporation in the mining industry, the task is challenging. The integration of a state-owned company's idea of sustainable development, including actions stated in the disclosures, is investigated in this study. Observational data in this study are narrative disclosures presented in the company's sustainability report from 2007 to 2018. This study applies qualitative content analysis techniques. The results presented are the initial results of the analysis conducted. The results revealed that as a state-owned company, the company exhibited the concept of sustainable development as a basis for presenting sustainability reports that showed economic performance, social responsibility, and the environment. Disclosure of environmental and social performance is more significant than economic performance. Observation companies prioritize environmental preservation and social aspects, including human rights, labor, product responsibility, and society in carrying out corporate activities.*

## INTRODUCTION

The United Nations defines sustainable development, sometimes known as sustainable development (UN), in UN Resolution A /42/427. *Report of the World Commission on Environment and Development* (WCED), as a development process in the present without compromising the ability of future generations to carry out development (WCED, 1987). This development concept

focuses on the three pillars of sustainability, the economic, social, and environmental pillars (WCED, 1987). Therefore, the main challenge is achieving social, environmental, and economic balance, while at the time, technology and social organization were limited in carrying out development (Davianti, 2017).

Companies in various industries have implemented the concept of *sustainable*

*development* and are actively involved in achieving the goals of sustainable business management (Clifton & Amran, 2011; Joyce & Paquin, 2016; Roca & Searcy, 2012; Schwartz & Carroll, 2008). One of the driving forces for companies to accept and apply the concept of *sustainable development* is the emergence of debates on the issue of business management that results in a balance of economic, social, and environmental elements.

The company realizes the application of the concept of sustainable development in various programs that refer to these three elements. The company presents the implementation of the concept of sustainable development in the form of narrative expressions in a sustainability report. This report is an essential form of representation of the company as a medium of communication with the public, especially if it is presented in a *stand-alone report*, namely a *stand-alone sustainability report*, separate from the annual report. This sustainability report combines an institution's economic, environmental, and social performance in a single report.

*Sustainable development* is vital to many organizations, especially business organizations. Stakeholders urge organizations to be open and transparent in financial performance reports and reports on the organization's social and environmental impacts on society (Şardagi & Coşkun, 2020) 2020). One of the big business organizations is a State-Owned Enterprise (BUMN). BUMN is a company that has an important role in implementing the concept of *sustainable development*. As a profit-oriented company owned by the government, BUMN is expected to pioneer in applying this development concept, such as implementing social responsibility (Sumiyati, 2013). This study investigates narrative expressions published by one of the state-owned enterprises, namely PT Bukit Asam (PTBA), through a *sustainability report*. PTBA is the main focus of research

based on the company's narrative expressions, carried out for an extended period since 2007 (up to the most recent in 2018). Thus, the period and the number of reports allow observation and longitudinal analysis.

In order to address these issues and challenges, this study will examine how PTBA expresses the three parts of the idea of sustainable development, namely economic, social, and environmental aspects, across time. This study uses a descriptive qualitative method with a *qualitative content analysis approach* to describe the conceptual disclosure pattern of the three fundamental aspects of *sustainable development*. Furthermore, by concentrating on the fundamental parts of the notion of sustainable development and employing a more in-depth application of qualitative research with narrative expression data, this research makes a conceptual contribution.

## LITERATURE REVIEW

*Sustainable Development in Our Common Future* (WCED, 1987) is defined as development that meets the needs of the present without impeding the ability of future generations to meet their needs. This definition is followed by the concept of the primary needs of people in the poor category in the world and the limitations of technology in meeting current and future needs.

Another definition is expressed by Alişkan (2014), which states that the essence of sustainable development is to make future generations stakeholders of the current generation. Furthermore, implementing *sustainable development* requires government commitment and the active involvement of the private sector. WCED (1987) explains that one of the biggest challenges in implementing *sustainable development strategies* is balancing environmental and economic elements. Székely & Knirsch (2005) state that

sustainability creates a society with the right balance between economic, social, and environmental goals. Concerning business organization, the company seeks to balance growth in financial performance with social and environmental performance.

Economic sustainability is focused on cost-effectiveness and efficient use of the company's resources in a competitive environment (Cozzio, 2019). According to Ingram (2015), the economic dimension requires a system that continuously carries out the company's main activities with existing resources, without excessive debt, and balances various economic sectors' demands. However, it is essential to note that economic sustainability is directly related to social and environmental sustainability.

Social sustainability is a broad dimension because it includes society, community, and culture. Social sustainability includes respect for human rights, empowering local cultures, and avoiding all forms of cultural destruction (Cozzio, 2019). Choi & Ng (2011) state that the social dimension of sustainability relates to the well-being of people and communities as a form of non-economic wealth.

Another sustainability that is no less important is environmental sustainability. Environmental sustainability refers to conserving and managing resources to minimize environmental damage and preserve biodiversity and natural heritage (Cozzio, 2019). Ardagi & Coskun (2020) revealed the dimensions of environmental sustainability related to the principle of environmental integrity, which requires human activities not to erode the world's land, air, and water resources, and the welfare of natural systems from time to time.

The UN Secretary-General's High-Level Panel on Global Sustainability (2012) states that public companies and large companies

are encouraged to be actively involved in corporate social responsibility and integrate sustainability information in various reporting bases in reporting practices. Reporting practices on *sustainable development issues*, including corporate social responsibility, are presented through a *sustainability report*. However, in practice, social responsibility information can be presented comprehensively in annual reports.

Sustainability reports go by many names: sustainability reports, sustainable development reports, corporate social responsibility reports, corporate responsibility reports, triple bottom line reports, and accountability reports, to mention a few. A sustainability report is defined by the Global Reporting Initiative (GRI) as a report released by a firm or organization on its economic, social, and environmental performance. A sustainability report, according to Clarissa & Ketut Rasmini (2018), is a report that covers non-financial information such as economic, social, and environmental performance. A sustainable business considers its financial success and its social and environmental challenges.

This research mainly focuses on the balance of environmental and economic aspects and social aspects, as presented by the company through sustainability and *stand-alone reports*. This report is a form of a report that generally presents narrative expressions covering economic, social, and environmental aspects. Expressions in the narrative form are textual descriptions of events in an organization during a specific period, representing the organization's efforts to present meaningful information (Davianti, 2016).

Textual representation in narrative expressions is a contemporary medium used by various corporations to communicate sustainable development's implementation and practice, goals, strategies, and achievements. Jones & Smith

(2014) show a high volume of corporate expression on issues of balancing *sustainable development aspects*. Milne, Tregidga, & Walton (2009) stated that disclosure on economic, social, and environmental issues had focused on presenting meaning and knowledge about *sustainable development*.

Previous studies mainly focused on the causal relationship of disclosure or reporting on issues of *sustainability*, social and environmental responsibility, and *sustainable development* (Ahmad & Mohamad, 2014; Badjuri, 2011; Belkaoui & Karnik, 1989; Craven & Marston, 1999; Deegan & Gordon, 1996; Kamil & Herusetya, 2012; Nurlala & Islahudin, 2008).

This research is qualitative research with a *qualitative content analysis approach*. *Content analysis* is generally used quantitatively in studies on corporate disclosure to measure disclosure in the form of an index. Meanwhile, this study examines disclosure material in-depth, with constraints on the three pillars of sustainable development: economic, social, and environmental sustainability. In general, this study is part of a continuing investigation. Therefore, the process of analysis and discussion presented is the initial part of the research.

## RESEARCH METHOD

This is descriptive qualitative research with an approach to *qualitative content analysis* or qualitative content analysis. This approach is used to obtain an initial description of the implementation of the central concept in the research, namely the concept of sustainable development.

This concept is explored in three main themes: the three pillars of implementing sustainable development, including economic, social, and environmental aspects. As discussed in previous sections, this study explores the narrative expressions of one of the state-owned

enterprises operating in the energy sector, namely PTBA.

### Data Types and Sources

The type of data used in this research is secondary data in the PTBA *sustainability report*. Narrative expression data was obtained through the company's website, then data in the form of a *sustainability report* in PDF format was downloaded for 2007-2018. Analysis was performed using NVivo 12 Plus to explore the three aspects of *sustainable development*.

A *qualitative content analysis approach* examines narrative expressions with paragraphs of observation units. Narrative expressions that fall into the economic, social, and environmental aspects are explored further to obtain specific information about the three main aspects of observation. The research results will mainly discuss and describe the pattern of narrative expressions as *preliminary results*.

## RESULT AND DISCUSSION

The results and discussion section presents the analysis results in three main aspects of sustainable development: economic, social, and environmental. This research presents these three aspects independently so that the analysis and discussion of the interrelationships between each aspect are not discussed. Then, as explained in the method section, the analysis results that will be discussed are the initial results of descriptive research to provide an overview of patterns of narrative expression in the long-term or longitudinal period.

Thus the pattern of the three aspects can be presented with a more comprehensive picture than research in the short or medium term. The initial step of analyzing these three aspects for PTBA is a fundamental analytical strategy. PTBA claims to use the Global Reporting Initiative (GRI) G4 Guidelines as the basis for preparing a

*sustainability report*. However, PTBA applies a disclosure basis *under the guidelines, which means that this company discloses sustainability aspects* which are essential information for the stakeholders that have been identified.

#### Economic Aspect

Qualitative content analysis of PTBA's sustainability report for the past 11 years, from 2007 to 2018, reveals that the company uses the concept of sustainable development as the basis for presenting a sustainability report that reveals economic performance, social responsibility, and the environment. Even though the intensity of disclosure for this economic aspect is not as high as the social and environmental aspects, PTBA still pays great attention to this aspect as one of the pillars of sustainable development. This is evidenced by the continued increase in the company's production volume, sales, and profits even during the weakening global economy.

In the 2015 sustainability report, PTBA obtained *The Best State-Owned Companies Achievers in the Mining and Energy* category from Men's Obsession Magazine to achieve PTBA's performance by achieving a *net profit margin of over 16%*. PTBA's achievements in the economic aspect are obtained through various efforts that are carried out continuously from year to year, as stated in the following extracts from the sustainability reports in 2013 and 2017:

PTBA works to reduce production costs by reducing energy consumption, enhancing equipment dependability, and maximizing coal production independently by optimizing the utilization of the Bucket Wheel Excavator System and innovating mining processes by minimizing hauling distances (PTBA, 2013, 48). Controlling production costs, mining operating efficiency, growing output, and conquering new markets with a product-driven approach are the company's primary strategies in 2017. (offering low to medium range calorie coal). (PTBA, 41, 2017).

The efforts made by PTBA in this economic aspect aim to meet the interests of shareholders and other stakeholders. One of them is the responsibility to customers through the company's efforts to maintain product quality. The company implements the ISO 9001:2008 Quality Management System to ensure coal quality. Coal quality analysis is carried out by the company's laboratory unit, which has received the ISO/IEC 17025:2005 Laboratory Quality Management System certificate from the National Accreditation Committee (KAN). Furthermore, the company's efforts to control product costs and ensure product quality are carried out continuously yearly.

However, There are economic aspects that are only disclosed in specific periods. For example, in the *sustainability report* In 2010, the company carried out several marketing-related programs. This program is not regularly disclosed in the sustainability report every year, likewise with the distribution of dividends to shareholders. Based on the results of the *sustainability report* data analysis in 2007-2018, the distribution of dividends to shareholders is only disclosed in the 2008 report.

#### Social Aspect

The second pillar of *sustainable development* is the social aspect. The observed companies have a high awareness of social performance in sustainable development. The company disclosed this since the first PTBA *sustainability report was prepared*.

The company realizes that economic performance without being supported by social performance will not be able to guarantee the sustainability of the company's existence. Therefore, the company is committed to carrying out its role as a citizen. Both in the community where it operates, as a citizen of Indonesia by developing the values of good corporate

citizenship. Recognizing the importance of social performance, the company builds and maintains good relations, especially with the local communities around the company's operational locations and with the state and nation. Given the importance of this good relationship, the company always makes corporate social responsibility (CSR) an inherent system in the company's production process. (PTBA, 2007, 32).

Implementation of the statement above, the company builds a partnership and community development program based on the Regulation of the Minister of State for SOEs of the Republic of Indonesia No. PER-05/MBU/2007 dated 27 April 2007. The implementation of this partnership program is revealed to be carried out in a sustainable manner with a broader scope every year. The partnership program includes capacity building for small businesses and cooperatives in the mining environment.

Meanwhile, community development activities include community development by providing training and skills and providing working capital, facilities, and infrastructure. To complete the disclosure of this social performance, the company formulates long-term policies contained in the "PTBA CSR Guidelines," which cover the economy, the environment, human rights, labor practices and work worthiness, product responsibility, and society. PTBA revealed that the six focus activities refer to international rules regarding the successful implementation of CSR set out by the *Global Reporting Initiatives* (GRI). Regarding human rights, the company disclosed:

All company employees uphold human and other rights in every activity. The company's values, Code of Conduct, and CSR Policy summarize applying these principles to become guidelines in daily practice. One form of the company's appreciation for human rights is establishing a policy on freedom of association and politics, democratically

channeling political aspirations, and providing suggestions for the company's progress (through the Employee Union or the channels provided for this purpose). (PTBA, 2018, 95)

This disclosure has also been stated in the *sustainability report* in previous years. This report shows that the company's commitment to social aspects, especially human rights, is part of *sustainable development*. Regarding employment, the company disclosed that :

One of the variables contributing to mining firms' success is Occupational Safety and Health. To ensure that operations are carried out, The Company has established an Occupational Safety and Health policy, which states that "Occupational Safety and Health is the responsibility of all parties; therefore, the Company and related parties are determined to create a healthy, injury-free work environment and carry out operational activities according to applicable rules" for safe mining (PTBA, 2018, 86).

PTBA's statement is evidenced by receiving various awards and certifications in social responsibility. In 2007 the company received a *Zero Accident Award* for achievements in implementing occupational safety and health programs from the Indonesian Ministry of Manpower and Transmigration and Occupational Health and Safety Management System (SMK-3) certification from the Indonesian Ministry of Manpower and Transmigration. In 2009 the company obtained the OHSAS 18001 Standard Management System Certificate in Occupational Health and Safety from TUV Nord Germany.

Social activities related to partnership and community development programs are disclosed on an ongoing basis from period to period, likewise with other CSR programs related to the development of the surrounding community and K3 programs for employees. The observed company

continuously discloses in the *sustainability report* from year to year. This report proves that the company carries out sustainable development consistently. In the 2010 report, the company specifically disclosed the biogas generator program's environmental development program. The raw material comes from cow dung waste which is available quite a lot. The gas produced is used as fuel. This biogas program is one of the programs whose results can be directly enjoyed by the community.

#### Environmental Aspect

PTBA's vision of "Being a World Class Energy Company that Cares for the Environment" reveals that environmental aspects are essential for the company. This vision is attractive because the observed company is a mining company whose primary business processes are vulnerable to environmental damage. Instead, the company raised this environmental issue as its primary concern. Activities related to environmental aspects are disclosed in the *sustainability report* as follows:

PTBA performs environmental and social management, measuring, and monitoring activities required by the authorized RKL/RPL Document during mining operations and business activities. Plant maintenance; draining settling pond sludge; making sludge settling ponds; nursery and planting; topsoil management; acid mine drainage (AAT); erosion control; research and development; handling of B3 waste, Emissions, and Effluents, as well as partnership and environmental development programs (PTBA, 2015, 67).

Based on the results of data analysis of the last eleven years' *sustainability report* observed companies, the frequency of disclosure of environmental aspects is very high. PTBA uses *green mining patterns* in its business processes as described in the following quote:

The Company's Green Mining began with careful mine planning, which considered environmental sustainability. Mine planning has the ultimate goal of managing post-mining, not just obtaining as much coal as possible (PTBA, 2017, 71).

The mine management plan includes environmental recovery after mining activities to become an integrated activity in the entire mining cycle. PTBA's commitment to environmental preservation is proven by reclamation, revegetation, and land rehabilitation. The results of reclamation and revegetation are urban forests for recreation and nature conservation. The company routinely discloses programs related to environmental aspects. The company is fully committed to sustainable environmental performance. The company also takes precautions against pollution and saves energy. The company does not disclose these specific matters in each *sustainability report period*.

#### CONCLUSION

The results of data analysis on PTBA's *sustainability reports* from 2007 to 2018 reveal that the company uses the concept of *sustainable development* in the presentation of sustainable reports. The three aspects of *sustainable development*, economic, social, and environmental, are expressed continuously from period to period.

The company observes that it prioritizes social aspects and environmental preservation in the disclosures in its sustainability reports. However, this does not mean that the company is observant of ignoring the economic aspect. The company's vision is to become a World Class energy company that cares about the environment. This vision in the *sustainability report* proves that the economic aspect remains the company's primary goal by emphasizing the environmental aspect for social welfare. The research results are still in the form of a narrative expression pattern

in preliminary results. In future research, it is still possible for a more in-depth discussion, especially in the interrelationships between aspects of the concept of *sustainable development*.

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